

EXHIBIT F-4
[CLAIM 0246-0330]

- (3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
 - (4) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
 - (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
 - (6) Any other consequential loss.
- b. Leasehold Interest Coverage Form**
- (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
 - (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.
- c. Legal Liability Coverage Form**
- (1) The following Exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Utility Services; and
 - (e) Paragraph B.1.f., War and Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:
 - (a) **Contractual Liability**
We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:
 - (i) Your assumption of liability was executed prior to the accident; and
 - (ii) The building is Covered Property under this Coverage Form.
 - (b) **Nuclear Hazard**
We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.
- C. LIMITATIONS**
- The following limitations apply to all policy forms and endorsements, unless otherwise stated.
- We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

CLAIM 0246

- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
However, this limitation does not apply to:
 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income coverage or Extra Expense coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
 - g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.
However, this limitation does not apply to:
- a. Loss or damage by the "specified causes of loss", except vandalism; or
 - b. Business Income coverage or Extra Expense coverage.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - d. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
However, this limitation does not apply:
 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
4. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.

CLAIM 0247

- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.4., does not apply to Business Income coverage or to Extra Expense coverage.

- 5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. ADDITIONAL COVERAGE – COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.5. below.

- 1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:
 - a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
 - b. Hidden decay;
 - c. Hidden insect or vermin damage;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

- 2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:
 - a. The personal property which collapses is inside a building; and
 - b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

- 3. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
 if the collapse is caused by a cause of loss listed in D.1.b. through D.1.f., we will pay for loss or damage to that property only if:
 - a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
- 4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
- 5. This Additional Coverage – Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

- 1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

CLAIM 0248

b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

2. Falling objects does not include loss or damage to:

- a. Personal property in the open; or
- b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

CLAIM 0249

Policy Number: 244187. 5

Effective: 10/01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

The following is an addition to the LIMITS OF INSURANCE section.

POLICY LIMIT OF INSURANCE

\$5,000,000 PER OCCURRENCE (Primary)

Sublimits:

Earthquake, EQSL & Flood - \$1,000,000 per occurrence, Annual Aggregate

Boiler & Machinery - \$1,000,000

The maximum limit of insurance that we will pay under this policy for any one occurrence as a result of covered loss or damage, regardless of the number of locations, coverages, causes of loss or coverage parts insured, shall not exceed the limit shown above.

Further, any Sublimits of Insurance in this policy or other specified limits of insurance contained in the forms, endorsements and extensions attached to this policy are per occurrence, unless otherwise indicated, and are part of and not in addition to this Policy Limit of Insurance.



BOILER AND MACHINERY

BOILER AND MACHINERY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for direct damage to Covered Property, Business Interruption/Extra Expense and Spoilage caused by an "accident" at the location (s) specified in the Declarations.

1. Covered Property

Covered Property, as used in this Coverage Part, means any property that:

- a. You own; or
- b. Is in your care, custody or control and for which you are legally liable. In addition to paying for loss to this property, we will defend you against any claim or "suit" alleging liability for damage to this property, subject to the Defense and the Supplementary Payments provisions.

2. Coverage Extensions

a. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

b. Business Interruption and Extra Expense

We will pay:

- (1) Your actual loss from a total or partial interruption of business; and
- (2) The reasonable extra expense to run your business during the interruption;

caused solely by an "accident," including an "accident" to any transformer or electrical apparatus that is:

- (a) Located on or within 500 feet of the "location;"

- (b) Owned by a public utility company; and

- (c) Used to supply electrical power solely to that "location."

c. Spoilage

We will pay for your loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused solely by an "accident," including an "accident" to any transformer or electrical apparatus that is:

- (1) Located on or within 500 feet of the "location;"
- (2) Owned by a public utility company; and
- (3) Used to supply electrical power solely to that "location."

d. Defense

If a claim or "suit" is brought against you alleging that you are liable for damage to property of another in your care, custody or control, that was directly caused by an "accident," we will either:

- (1) Settle the claim or "suit;" or
- (2) Defend you against the claim or "suit," but keep for ourselves the right to settle it at any point.

e. Supplementary Payments

We will pay with respect to any claim or "suit" we defend:

- (1) All expenses we incur;
- (2) The cost of bonds to release attachments. We do not have to furnish these bonds;

Included copyrighted material of Insurance Services Office, Inc., with its permission.

p (3) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$100 a day because of time off from work;

(4) All costs taxed against you in any "suit" we defend;

(5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the total loss resulting from the "accident" we will not pay any prejudgment interest based on that period of time after the offer; and

(6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance shown in the Declarations.

f. Automatic Coverage for a Newly Acquired Location

We will automatically cover an "accident" at a newly acquired location. This automatic coverage begins at the time you acquire the property and continues for 90 days, under the following conditions:

(1) You must inform us in writing of the newly acquired location within 90 days of the date you acquire it;

(2) The equipment must be on site at the time of the acquisition and throughout the period of automatic coverage and be of a type that would be included in the "Comprehensive" definition of "accident;"

(3) The highest deductible amount shown in the Declarations shall apply to newly acquired locations; and

(4) You agree to pay an additional premium as determined by us.

B. EXCLUSIONS

We will not pay for:

1. Ordinance or Law

Any increase in loss caused by or resulting from enforcement of any ordinance, law, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation. As used here, increase in loss also includes expenses incurred beyond those for which we would have paid if no substance declared to be hazardous to health by a governmental agency had been involved in the "accident."

For the purpose of this coverage ammonia shall not be considered a substance declared as hazardous to health by a governmental agency under this exclusion.

2. Nuclear Hazard

Loss caused by or resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

a. War and Military Action

Loss caused by or resulting from:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

b. Other Exclusions

Loss caused by or resulting from:

(1) Fire or combustion explosion that occurs at the same time as an "accident" or that ensues from an "accident." With respect to any electrical equipment forming a part of covered equipment this exclusion is changed to read:

Fire or combustion explosion outside the equipment that occurs at the same time as an "accident" or ensues from an "accident;"

- (2) An "accident" that is the direct or indirect result of an explosion or fire;
- (3) Water or other means used to extinguish a fire, even when such an attempt is unsuccessful;
- (4) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the gas passages from the furnace to the atmosphere;
- (5) Flood. However, if an "accident" results from a flood, we will pay for loss, damage or expense caused by the "accident;"
- (6) Damage to media used with any electronic computer or electronic data processing equipment;
- (7) An "accident" caused directly or indirectly by earth movement, including but not limited to earthquake, landslide, mudslide, subsidence or volcanic eruption;
- (8) Any other indirect result of an "accident."

c. Additional Exclusions Applying to Business Interruption and Extra Expense Insurance

We will not pay for:

- (1) The interruption of business that would not or could not have been carried on if the "accident" had not occurred;
- (2) Your failure to use due diligence and dispatch and all reasonable means to resume business at the "location (s)" shown in the Declarations; or
- (3) That part of any loss or expense that is due solely to the suspension, lapse or cancellation of a contract following an "accident" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or cancelled.

3. Addition Exclusion Applying to Spoilage

We will not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an "accident."

We will not pay for any loss excluded above even though any other cause or event contributes concurrently or in any sequence to the loss.

C. LIMITS OF INSURANCE

- 1. We will not pay more than the applicable Limit of Insurance, if any, shown in the Declarations for all direct damage to Covered Property that results from any "one accident." Our payment will not increase if more than one insured is shown in the Declarations.

2. Hazardous Substance Limit

The following applies despite the operation of the Ordinance or Law Exclusion. This limitation does not apply to damage, contamination or pollution caused by ammonia.

If Covered Property is damaged, contaminated or polluted as a result of an "accident" by a substance declared to be hazardous to health by an authorized governmental agency, the most we will pay for any additional expenses incurred by you for clean up, repair or replacement or disposal of that property is \$25,000. As used here, additional expenses mean expenses incurred beyond those for which we would be liable if no substance hazardous to health had been involved.

3. Business Interruption and Extra Expense Limit

As regards Business Interruption and Extra Expense Coverage our limit of liability for any one "accident" is equal to twelve (12) consecutive months of actual loss for a total or partial interruption of your business.

4. Spoilage Limit

If an amount is shown as Spoilage Limit in the Declarations, that amount is the limit of your Insurance against loss under Spoilage Coverage from any "one accident" for the "location" where the "accident" occurs.

D. DEDUCTIBLE - Combined All Coverages

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the Deductible shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the Deductible. If more than one covered piece of equipment is involved in "one accident," only the highest Deductible will apply.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

E. BOILER AND MACHINERY CONDITIONS

The following conditions apply in addition to the Common Policy Conditions.

1. Loss Conditions**a. Duties in the Event of Loss or Damage**

You must see that the following are done in the event of loss or damage:

- (1) Give us a prompt notice of the loss or damage. Include a description of the property involved;
- (2) As soon as possible, give us a description of how, when and where the loss or damage occurred;
- (3) Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the "accident" is removed. You must take whatever measures are necessary for protection from further damage;
- (4) Permit us to inspect the property and records. Also permit us to take samples of damaged property for inspection, testing and analysis;
- (5) If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
- (6) Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request; and
- (7) Cooperate with us in the investigation and settlement of the claim.

We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

b. Insurance Under Two or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage, subject to the Limit of Insurance.

c. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- (1) There has been full compliance with all the terms of this Coverage Part; and
- (2) The action is brought within 2 years after the date of the "accident," or
- (3) We agree in writing that you have an obligation to pay for damage to Covered Property of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

d. Loss Payable Clause

- (1) We will pay you and the loss payee shown in the Declarations for loss due to an "accident," as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part.
- (2) We may cancel this policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest.

If we cancel we will mail you and the loss payee the same advance notice.
- (3) If we make any payment to a loss payee, we will obtain their rights against any other party.

e. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

- (2) If there is other insurance covering the same loss or damage, other than that described in (1) above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not.

In no case will we pay more than the applicable Limit of Insurance.

f. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.

g. Valuation

- (1) We will pay you the amount you spend to repair or replace your property directly damaged by the "accident." Our payment will be the smallest of:

- (a) The Limit of Insurance;
- (b) The cost at the time of the "accident" to repair the damaged property with new property of like kind, capacity, size and quality;
- (c) The cost at the time of the "accident" to replace the damaged property on the same site, with other new property;

A. Of like kind, capacity, size and quality; and

B. Used for the same purpose;

- (d) The amount you actually spend that is necessary to repair or replace the damaged property.

- (2) As respects any covered equipment, if the cost of repairing or replacing only a part of the covered equipment is greater than:

- (a) The cost of repairing the equipment; or
- (b) The cost of replacing the entire equipment on the same site;

we will pay only the smallest amount. The repair parts or replacement equipment must be:

- (c) Of like kind, capacity, size and quality; and

- (d) Used for the same purpose;

- (3) We will not pay you:

- (a) If the loss or damage is to property that is obsolete or useless to you; or

- (b) For any extra cost if you decide to repair or replace the damaged property with property of a better kind or quality or of larger capacity.

- (4) If you do not repair or replace the damaged property within 24 months after the date of the "accident," then we will pay only the smaller of the:

- (a) Cost it would have taken to repair; or

- (b) Actual cash value;

at the time of the "accident."

Paragraph (4) does not apply to any time period beyond 24 months that we agree to in writing.

- (5) Spoilage Coverage

We will pay for perishable goods damaged or spoiled as a result of an "accident" on the basis of:

- (a) The selling price at the time of the "accident" as if no loss or damage had occurred; and

- (b) Less any discounts and expenses you otherwise would have had.

- (6) Media

We will pay for media, directly damaged by an "accident," at the cost of blank material for reproducing the records.

2. General Conditions

a. Additional Insured

If a person or organization is designated in this Coverage Part as an additional insured, we will consider them to be an insured under this Coverage Part to the extent of their interest.

b. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.

c. Concealment, Misrepresentation or Fraud

This Policy is void in any case of fraud by you relating to it. It is also void if you intentionally conceal or misrepresent a material fact concerning:

- (1) This Policy;
- (2) The Covered Property; or
- (3) Your interest in the Covered Property.

d. Liberalization

If we file any forms, endorsements, rules or regulations (for use with this insurance program) with the insurance supervisory authorities while this insurance is in force (or filed and accepted within 45 days prior to its effective date) which could broaden or extend the coverage without an additional premium charge, such broadened or extended insurance shall automatically inure to your benefit.

e. Mortgage Holders

- (1) The term mortgage holder includes trustee.
- (2) We will pay for direct damage due to an "accident" to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- (3) The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the covered property.
- (4) If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (a) Pays any premium due under this Policy at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership or substantial change in risk known to the mortgage holder.

All of the terms of this Policy will then apply directly to the mortgage holder.

- (5) If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy:

- (a) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (b) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- (6) If we cancel this Policy, we will give written notice to the mortgage holder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (7) If we do not renew this Policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this Policy.

f. Policy Period, Coverage Territory

Under this Coverage Part:

- (1) The "accident" must occur:

Included copyrighted material of Insurance Services Office, Inc., with its permission.

(a) During the Policy Period shown in the Declarations; and

(b) Within the Coverage Territory.

(2) The Coverage Territory is:

(a) The United States of America; and

(b) Puerto Rico.

g. Suspension

Whenever any covered equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that equipment. This can be done by delivering or mailing a written notice of suspension to:

(1) Your last known address; or

(2) The address where the equipment is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement to the Policy for that equipment.

If we suspend your insurance, you will get a pro rata refund of premium for that equipment. But the suspension will be effective even if we have not yet made or offered a refund.

Condition Applying Only to Business Interruption, Extra Expense and Spoilage Insurance.

h. Reducing Your Loss

You must reduce your loss, if possible, by:

(1) Resuming business, partially or completely;

(2) Using merchandise or other property available to you; and

(3) Using the property or services of others.

F. DEFINITIONS

1. "Accident"

a. If "Basic" is shown in the Declarations under Coverages, "Accident" means a sudden and accidental breakdown of:

(1) Any boiler;

(2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than static pressure of contents; and

(3) Any piping and its accessory equipment.

At the time the breakdown occurs, it must become apparent by physical damage that requires repair or replacement of the covered equipment or part thereof.

b. If "Comprehensive" is shown in the Declarations under Coverages, "Accident" means a sudden and accidental breakdown of:

(1) Any boiler;

(2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than static pressure of contents;

(3) Any piping and its accessory equipment;

(4) Any refrigeration or air conditioning system;

(5) Any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

At the time the breakdown occurs, it must become apparent by physical damage that requires repair or replacement of the covered equipment or part thereof.

If covered electrical equipment requires drying out as a result of flood, the drying out will be considered an "accident."

c. None of the following is an "Accident:"

(1) Depletion, deterioration, corrosion or erosion, wear and tear;

(2) Functioning of any safety or protective device;

(3) The breakdown of any structure or foundation.

d. None of the following are covered equipment

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

FM 600.0.910 01 91

Copyright, Insurance Services Office, Inc., 1983, 1989

Page 7 of 8

CLAIM 0257

- (1) Any sewer piping, underground gas piping, or piping forming a part of a sprinkler system;
 - (2) Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (3) Insulating or refractory material;
 - (4) Media used with any electrical computer or electronic data processing equipment;
 - (5) Vehicle, elevator, escalator, hoist or crane.
- e. If a strike, riot, civil commotion, act of sabotage or vandalism results in an "accident," this insurance applies. However, the War and Military Action Exclusion and the conditions of this Policy still apply.
2. "Location" means the premises at the address shown in the Declarations.
3. "One Accident" means:
- If an initial "accident" causes other "accidents" all will be considered "one accident." All "accidents" at any one "location" that manifest themselves at the same time and are the result of the same cause will be considered "one accident."
4. "Suit" means a civil proceeding and includes:
- a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.

Policy Number: 244187374.

Named Insured: Copart, Inc.

Effective Date: 10-01-04

12:01 A.M., Standard Time

Agent Name: Marsh Global Broking/SF

Agent No 80835

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ADDITIONAL EXCLUSION – FUNGUS, WET ROT, DRY ROT and
BACTERIA**

The following exclusion is added to the Perils Excluded clause in the policy:

A: "Fungus," Wet Rot, Dry Rot and Bacteria –

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the loss:

- i) The presence, growth, proliferation, spread or activity of "fungus," wet rot, dry rot or bacteria.
- ii) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus," wet or dry rot, or bacteria; or
- iii) The cost associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants," "fungus," wet or dry rot, or bacteria.

B. The following is added to Definitions in the policy:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by products produced or released by fungi.

All other terms and conditions remain unchanged.

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date).

Effective _____, this endorsement forms part of Policy Number _____

Of _____

Issued to: _____

Endorsement No: _____

Authorized Representative _____

FM 206.0.5 (1199)

CLAIM 0259

Policy Number
2441873745

Crum & Forster
A FAIRFAX Company

CHANGE ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 07-08-05

12:01 A.M., Standard Time

Agent Name MARSH GLOBAL BROK/SF

Agent No. 80835

COVERAGE PART INFORMATION - Coverage parts affected by this change as indicated by ☒ below.

- | | | |
|---------------------------------------------------------|----|--------|
| <input checked="" type="checkbox"/> Commercial Property | \$ | 932.00 |
| <input type="checkbox"/> Commercial General Liability | | |
| <input type="checkbox"/> Commercial Crime | | |
| <input type="checkbox"/> Commercial Inland Marine | | |
| <input type="checkbox"/> _____ | | |
| <input type="checkbox"/> _____ | | |

CHANGE DESCRIPTION

THE POLICY IS AMENDED AS FOLLOWS:

ENDORSEMENT 001

IN CONSIDERATION OF AN ADDITIONAL PREMIUM, IT IS HEREBY AGREED THAT \$5,000,000 IN COMPUTER VALUES IS HEREBY ADDED AT LOCATION:

3422 NEEHAM ROAD, NORTH LAS VEGAS, NV 89030

PREMIUM CHANGE

Additional \$ 932.00

Return \$



AUTHORIZED REPRESENTATIVE

Policy Number
2441873745

Crum & Forster
A FAIRFAX Company

CHANGE ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 07-31-05

12:01 A.M., Standard Time

Agent Name MARSH GLOBAL BROK/SF

Agent No. 80835

COVERAGE PART INFORMATION - Coverage parts affected by this change as indicated by ☒ below.

<input checked="" type="checkbox"/> Commercial Property	\$	1,620.00
<input type="checkbox"/> Commercial General Liability		
<input type="checkbox"/> Commercial Crime		
<input type="checkbox"/> Commercial Inland Marine		
<input checked="" type="checkbox"/> TAX/SURCHARGES	\$	19.68
<input type="checkbox"/>		

CHANGE DESCRIPTION

THE POLICY IS AMENDED AS FOLLOWS:

ENDORSEMENT 003

IT IS HEREBY AGREED & UNDERSTOOD THAT THE FOLLOWING LOCATIONS ARE ADDED:

1475 BLUFF CITY BLVD., ELGIN, ILLINOIS 60120
TOTAL VALUES: \$4,372,047

9915 N. VIRGINIA ST., RENO, NV 89506
TOTAL VALUES: \$3,407,292

11858 NW 36 AVENUE, MIAMI, FL 33167
STOCK/INVENTORY: \$1,297,500

6089 HIGHWAY 20
LOGANVILLE, GA 30052
STOCK/INVENTORY: \$3,088,751

710 NW 44 AVENUE, OCALA, FL 34482
STOCK/INVENTORY: \$792,797

286 E. TWINSBURG ROAD, NORTHFIELD, OH 44067
STOCK/INVENTORY: \$498,896

22835 ROYALTON RD., STRONGSVILLE, OH 44149
STOCK/INVENTORY: \$388,997

PREMIUM CHANGE

Additional \$ 1,639.68

Return \$

AUTHORIZED REPRESENTATIVE

Policy Number
2441873745

Crum & Forster
A FAIRFAX Company

CHANGE ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 08-10-05

12:01 A.M., Standard Time

Agent Name MARSH GLOBAL BROK/SF

Agent No. 80835

CHANGE DESCRIPTION (CONT'D)

401 W. CHIPPERFIELD, ANCHORAGE, AK 99501
STOCK/INVENTORY: \$284,129

5000 RUTLEDGE PIKE, KNOXVILLE, TN 37914
STOCK/INVENTORY: \$884,120

5801 KASP CT., LEXINGTON, KY 40509
STOCK/INVENTORY: \$2,311,433

11019 W. MCFARLANE AIRWAY HEIGHTS, WA 99001
STOCK/INVENTORY: \$301,200

1825 COMMERCE BLVD., MIDWAY, FL 32343
STOCK/INVENTORY: COLUMBIA, MO
STOCK/INVENTORY: \$1,144,500

TOTAL ADDITIONAL VALUES \$19,200,662

IT IS FURTHER AGREED & UNDERSTOOD THAT THE FOLLOWING LOCATIONS ARE
DELETED:

31W120 W. BARTLETT ROAD, BARTLEET, IL
VALUES: \$3,823,590

1705 MARIETTA WAY, SPARKS, NV
VALUES: \$2,052,419

97 AMLAJACK BLVD., NEWNAN, GA
VALUES: \$1,410,000

TOTAL DELETED VALUES \$7,286,009

Policy Number
2441873745

Crum & Forster
A FAIRFAX Company

SCHEDULE OF TAXES, SURCHARGES OR FEES
UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 10-01-04

12:01 A.M., Standard Time

Agent Name MARSH GLOBAL BROK/SF

Agent No. 80835

FM 20606 (cont.)

TAXES/SURCHARGES DETAILED BREAKDOWN :

KY PUBLIC SERVICE SURCHARGE	\$	34.36
KY MUNICIPAL TAX	\$	158.00
NYFIF	\$	45.26
NJ PLIGA SURCHARGE	\$	87.17
WEST VIRGINIA POLICY SURCHARGE	\$	11.77
FLORIDA COMMERCIAL PROPERTY SURCHARGE	\$	23.00
FLORIDA INSURANCE PREMIUM SURCHARGE	\$	4.00
OR OREGON INSURANCE GUARANTY ASSOCIATION	\$	44.00
TOTAL TAXES/SURCHARGES	\$	407.56



C O P A I R T
B D N 00302723

NOTICE

CONSUMER COMPLAINT NOTICE

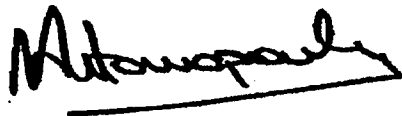
If you have a problem or complaint concerning your insurance policy with us, we are always available to help you. For assistance, please contact your independent insurance agent or the following company representative:

Crum&Forster
Marketing Department
901 International Parkway
Suite 400
Lake Mary, FL 32746
(407) 563-6200

United States Fire Insurance Company
A Delaware Corporation
Home Office: Wilmington, DE

(A Capital Stock Company)

SIGNATURE

A handwritten signature in black ink, appearing to read "Nikolas Antonopoulos", written over a horizontal line.

Nikolas Antonopoulos
President

SIGNATURE

A handwritten signature in black ink, appearing to read "Valerie J. Gasparik", written in a cursive style.

Valerie J. Gasparik
Secretary

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Policy Number
2441873745

Crum & Forster
A FAIRFAX Company

ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured COPART INC.

Effective Date: 10-01-2004
12:01 A.M. Standard Time

Agent Name MARSH GLOBAL BROK/SF

Agent No. 80835

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
FLORIDA INSURANCE PREMIUM SURCHARGE

IN ACCORDANCE WITH FLORIDA LEGISLATION (BILL #SB1858) PASSED,
EFFECTIVE 5-1-93, THERE IS A \$4.00 SURCHARGE IMPOSED ON THIS POLICY.

THIS SURCHARGE WILL BE REMITTED TO THE DEPARTMENT OF REVENUE FOR
THE EMERGENCY MANAGEMENT PREPAREDNESS AND ASSISTANCE TRUST FUND.

ADDITIONAL PREMIUM SURCHARGE: \$4.00

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date.)

Effective _____, this endorsement forms part of Policy Number _____

of _____

Issued to: _____

Endorsement No: _____

Accepted _____

FIRST NAME INSURED

AUTHORIZED REPRESENTATIVE

FM 206.0.5 02 98

COMPANY COPY

CLAIM 0267



TEXAS NOTICE

IMPORTANT NOTICE

To obtain information or make a complaint:
You may call Crum & Forster's toll-free telephone number for
information or to make a complaint at

1-800-232-7380

You may contact the Texas Department of Insurance to obtain
information on companies, coverages, rights or complaints at

1-800-252-3439

You may write the Texas Department of Insurance:
P.O. Box 149104
Austin TX 78714-9104
FAX # (512) 475 - 1771

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a
claim you should contact the agent first. If the dispute is not
resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or
condition of the attached document.

IL 01 03 06 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.

Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

IL 01 66 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES - ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

IL 01 04 02 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
 COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The Concealment, Misrepresentation Or Fraud Condition** is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C. The Concealment, Misrepresentation Or Fraud Condition** is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in E., the **Appraisal Condition** is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the other expenses of the appraisal and umpire equally.
- If there is an appraisal, we will still retain our right to deny the claim.
- E.** The **Appraisal Condition** in:
1. Business Income (And Extra Expense) Coverage Form CP 00 30; and
 2. Business Income (Without Extra Expense) Coverage Form CP 00 32;

IL 01 04 02 04

© ISO Properties, Inc., 2003

Page 1 of 2

COMPANY COPY

CLAIM 0271

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

CLAIM 0272

IL 01 05 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES - POLLUTION

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY

In this Coverage Part or Policy, any exclusion, limitation or other provision relating to pollutants ("pollutants"), or any amendment to or replacement of such exclusions, limitations or other provisions, applies even if the irritant or contaminant has a function in or on your business ("business"), operations, premises, site or location.

CLAIM 0273

IL 01 05 07 02

© ISO Properties, Inc., 2001
COMPANY COPY

Page 1 of 1 ☐

IL 01 10 07 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NEVADA CHANGES - CONCEALMENT,
MISREPRESENTATION OR FRAUD**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART - FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART - LIVESTOCK COVERAGE FORM
FARM COVERAGE PART - MOBILE AGRICULTURAL MACHINERY
AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

The **CONCEALMENT, MISREPRESENTATION OR
FRAUD** Condition is replaced by the following:

**CONCEALMENT, MISREPRESENTATION OR
FRAUD**

We will not pay for any loss ("loss") or damage in any
case of:

1. Concealment or misrepresentation of a material
fact; or

2. Fraud;

committed by an insured ("insured") at any time and
relating to a claim under this policy.

IL 01 10 07 01

© ISO Properties, Inc., 2001

Page 1 of 1 ☐

COMPANY COPY

CLAIM 0274

IL 01 46 09 03

WASHINGTON COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

The conditions in this endorsement replace any similar conditions in the policy that are less favorable to the insured.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for the cancellation, to the last mailing address known to us, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 45 days before the effective date of cancellation if we cancel for any other reason;
 except as provided in Paragraphs 3. and 4. below.
3. We may cancel the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part, if made a part of this policy, by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation at least 5 days before the effective date of cancellation for any structure where 2 or more of the following conditions exist:
 - a. Without reasonable explanation, the structure is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days unless the structure is maintained for seasonal occupancy or is under construction or repair;
 - b. Without reasonable explanation, progress toward completion of permanent repairs to the structure has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
 - c. Because of its physical condition, the structure is in danger of collapse;

- d. Because of its physical condition, a vacation or demolition order has been issued for the structure, or it has been declared unsafe in accordance with applicable law;
 - e. Fixed and salvageable items have been removed from the structure, indicating an intent to vacate the structure;
 - f. Without reasonable explanation, heat, water, sewer, and electricity are not furnished for the structure for 60 consecutive days; or
 - g. The structure is not maintained in substantial compliance with fire, safety and building codes.
4. If:
- a. You are an individual;
 - b. A covered auto you own is of the "private passenger type"; and
 - c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;
- we may cancel the Commercial Automobile Coverage Part by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for cancellation, to the last mailing address known to us:
- a. At least 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. At least 10 days before the effective date of cancellation for any other reason if the policy is in effect less than 30 days; or
 - c. At least 20 days before the effective date of cancellation for other than nonpayment if the policy is in effect 30 days or more; or
 - d. At least 20 days before the effective date of cancellation if the policy is in effect for 60 days or more or is a renewal or continuation policy, and the reason for cancellation is that your driver's license or that of any driver who customarily uses a covered "auto" has been suspended or revoked during policy period.

IL 01 46 09 03

© ISO Properties, Inc., 2002

Page 1 of 3 □

COMPANY COPY

CLAIM 0275

5. We will also mail or deliver to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation, prior to the effective date of cancellation. If cancellation is for reasons other than those contained in Paragraph A.3. above, this notice will be the same as that mailed or delivered to the first Named Insured. If cancellation is for a reason contained in Paragraph A.3. above, we will mail or deliver this notice at least 20 days prior to the effective date of cancellation.
6. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
7. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be at least 90% of the pro rata refund unless the following applies:
 - a. For Division Two — Boiler and Machinery, if the first Named Insured cancels, the refund will be at least 75% of the pro rata refund.
 - b. If:
 - (1) You are an individual;
 - (2) A covered auto you own is of the "private passenger type";
 - (3) The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards; and
 - (4) The first Named Insured cancels;
 the refund will be not less than 90% of any unearned portion not exceeding \$100, plus 95% of any unearned portion over \$100 but not exceeding \$500, and not less than 97% of any unearned portion in excess of \$500.
 The cancellation will be effective even if we have not made or offered a refund.
8. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

The policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspection And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

CLAIM 0276

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Nonrenewal

1. We may elect not to renew this policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the:

- a. Expiration of the policy; or
- b. Anniversary date of this policy if this policy has been written for a term of more than one year.

Otherwise, we will renew this policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;

- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the policy; or

- c. The policy clearly states that it is not renewable, and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.

2. If:

- a. You are an individual;
- b. A covered auto you own is of the "private passenger type"; and
- c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;

the following applies to nonrenewal of the Commercial Automobile Coverage Part in place of G.1.:

- a. We may elect not to renew or continue this policy by mailing or delivering to you and your agent or broker written notice at least 20 days before the end of the policy period including the actual reason for nonrenewal. If the policy period is more than one year, we will have the right not to renew or continue it only at an anniversary of its original effective date. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
- b. We will not refuse to renew Liability Coverage or Collision Coverage solely because an "insured" has submitted claims under Comprehensive Coverage or Towing and Labor Coverage.
- c. If we fail to mail or deliver proper notice of nonrenewal and you obtain other insurance this policy will end on the effective date of that insurance.

IL 01 52 05 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**VIRGINIA CHANGES**

This endorsement modifies insurance provided under the following when written as part of a Commercial Package Policy containing liability coverage and supersedes the cancellation and nonrenewal provisions contained in any amendatory endorsement(s) of a policy to which this endorsement is attached.

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART

- A. Paragraphs 2., 3. and 5. of the **Cancellation** Common Policy Condition are replaced by the following:
2. We may cancel this policy by mailing or delivering to you written notice of cancellation, stating the reason for cancellation, at least:
 - a. 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
 3. We will mail or deliver written notice to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail.
 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium.
 - a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
 - (1) At our request;
 - (2) Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (3) And rewritten by us or a member of our company group; or
 - (4) After the first year, if it is a prepaid policy written for a term of more than one year.
 - b. When this policy is cancelled at your request (except when Paragraph a.(2), a.(3) or a.(4) applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.
- B. The following is added and supersedes any other provision to the contrary:
- NONRENEWAL**
1. If we elect not to renew this policy, we will mail or deliver a notice of nonrenewal to you, stating the reason for nonrenewal, at least:
 - a. 15 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
 - b. 45 days before the expiration date if the nonrenewal is for any other reason.
 2. We will mail or deliver written notice of nonrenewal to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail.

IL 01 52 05 04

© ISO Properties, Inc., 2003

Page 1 of 1

□

COMPANY COPY

CLAIM 0278

IL 01 57 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

The following is added:

The term actual cash value means:

- a. When the damage to property is economically repairable, actual cash value means the cost of repairing the damage, less reasonable deduction for wear and tear, deterioration and obsolescence.
- b. When the loss or damage to property creates a total loss, actual cash value means the market value of property in a used condition equal to that of the destroyed property, if reasonably available on the used market.
- c. Otherwise, actual cash value means the market value of new, identical or nearly identical property less reasonable deduction for wear and tear, deterioration and obsolescence.

CLAIM 0279

IL 01 57 07 02

© ISO Properties, Inc., 2001

Page 1 of 1 ☐

COMPANY COPY

IL 01 73 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES – EXCLUDED CAUSES OF LOSS

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

A. In each of the following Forms:

1. CAUSES OF LOSS – BASIC FORM
2. CAUSES OF LOSS – BROAD FORM
3. CAUSES OF LOSS – EARTHQUAKE FORM
4. CAUSES OF LOSS – SPECIAL FORM
5. GLASS COVERAGE FORM
6. CAUSES OF LOSS FORM – FARM PROPERTY
7. LIVESTOCK COVERAGE FORM
8. MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
9. MORTGAGE HOLDERS ERRORS AND OMISSIONS COVERAGE FORM
10. STANDARD PROPERTY POLICY
11. CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

in the sections titled Covered Causes of Loss or Exclusions, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:

We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:

- a. Directly and solely results in loss or damage; or
- b. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

B. With respect to the:

1. CAUSES OF LOSS – SPECIAL FORM
2. COVERED CAUSES OF LOSS – SPECIAL IN THE CAUSES OF LOSS FORM – FARM PROPERTY
3. MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
4. MORTGAGE HOLDERS ERRORS AND OMISSIONS COVERAGE FORM
5. ACCOUNTS RECEIVABLE COVERAGE ENDORSEMENT
6. VALUABLE PAPERS AND RECORDS/ELECTRONIC MEDIA AND RECORDS ENDORSEMENT
7. CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

the Weather Conditions exclusion is replaced by the following exclusion:

Weather Conditions

a. A weather condition which results in:

- (1) Landslide, mudslide or mudflow;
- (2) Mine subsidence; earth sinking, rising or shifting (other than sinkhole collapse);
- (3) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (4) Water backing up from a sewer or drain;
- (5) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;

CLAIM 0280

IL 01 73 07 02

© ISO Properties, Inc., 2001

Page 1 of 2 □

COMPANY COPY

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- b. A weather condition which results in the failure of power or other utility service supplied to the described premises, if the failure originates away from the described premises. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

C.1. The following exclusions:

B.3.b. and B.3.c. in the Causes of Loss – Special Form, Mobile Agricultural Machinery and Equipment Coverage Form, and Valuable Papers and Records (and Electronic Media and Records) Endorsement;

D.2.b. and D.2.c. in the Causes of Loss Form – Farm Property,

B.3.c. and B.3.d. in the Mortgage Holders Errors and Omissions Coverage Form, and

B.4.b. and B.4.c. in the Accounts Receivable Coverage Endorsement;

are replaced by the exclusions in Paragraph C.2. below:

C.2. Exclusions

- a. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- b. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

- (3) Materials used in repair, construction, renovation or remodeling; or

- (4) Maintenance;

of part or all of any property on or off the described premises. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

CLAIM 0281

IL 01 92 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

In this Coverage Part, any exclusion, limitation or other provision relating to pollutants ("pollutants"), or any amendment to or replacement of such exclusions, limitations or other provisions, applies whether or not the irritant or contaminant has any function in your business, operations, premises, site or location.

CLAIM 0282

IL 01 92 07 02

© ISO Properties, Inc., 2001

Page 1 of 1 ☐

COMPANY COPY

IL 02 07 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

- A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.**
- B. The Cancellation Common Policy Condition is amended as follows:**
1. Paragraphs 2. and 3. are replaced by the following:
We may cancel this policy by mailing to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 45 days before the effective date of cancellation if we cancel for any other reason.
 2. Paragraph 5. is replaced by the following:
If this policy is cancelled, we will send the first Named Insured any premium refund due.
If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be calculated as follows:
 - a. **Policies Written For One Year Or Less**
We will refund 90% of the pro rata unearned premium.
 - b. **Policies Written For More Than One Year**
 - (1) If the policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.
 - (2) If the policy is cancelled after the first year, we will refund the pro rata unearned premium.
 - c. **Continuous And Annual Premium Payment Policies**
We will refund 90% of the pro rata unearned premium for the year in which the policy is cancelled.
We will retain the minimum premium, except if the policy is cancelled as of the inception date.
However, if this policy is financed by a premium finance company and we or the premium finance company or the first Named Insured cancels the policy, the refund will be pro rata excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.
The cancellation will be effective even if we have not made or offered a refund.
 3. Paragraph 6. is replaced by the following:
A certificate of mailing will be proof of mailing and sufficient proof of notice.
 - C. The following is added:
We may elect not to renew this policy by mailing notice of nonrenewal to the first Named Insured at least 45 days before the expiration date of this policy. A certificate of mailing will be proof of mailing and sufficient proof of notice.
 - D. The **Legal Action Against Us** Condition is replaced by the following:
LEGAL ACTION AGAINST US
No one may bring a legal action against us under this Coverage Part unless:
 1. There has been full compliance with all of the terms of this Coverage Part; and

CLAIM 0283

IL 02 07 07 02

© ISO Properties, Inc., 2001

Page 1 of 2

□

COMPANY COPY

2. The action is brought within 3 years after the date on which the direct physical loss or damage occurred.

E. Paragraph D. above does not apply to the:

1. Legal Action Against Us Loss Condition in the Legal Liability Coverage Form CP 00 40;

2. Legal Action Against Us Condition applicable to Coverages C and D in the Mortgageholders Errors And Omission Coverage Form CP 00 70; or

3. Legal Action Against Us Loss Condition in the Farm Liability Coverage Form FL 00 20.

CLAIM 0284

IL 02 45 09 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINNESOTA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

B. The following provisions apply except when Paragraph C. of this endorsement applies:

The **Cancellation** Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy, subject to the provisions of B.3. below, by first class mailing, or by delivery, of a written notice of cancellation to the first Named Insured and any agent, to their last mailing addresses known to us. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

3. Policies In Effect

a. Less Than 90 Days

If this policy is a new policy and has been in effect for fewer than 90 days, we may cancel for any reason by giving notice at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

b. 90 Days Or More

If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;
- (3) An act or omission by you that substantially increases or changes the risk insured;
- (4) Refusal by you to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed;
- (5) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;

CLAIM 0285

- (6) Loss of reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has 10 days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;
 - (7) A determination by the commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or
 - (8) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance. This provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.
- Under this Item B.3.b., we will give notice at least:
- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium. The cancellation notice shall contain the information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation; or
 - (2) 60 days before the effective date, if we cancel for a reason described in B.3.b.(2) through (8) above. The notice of cancellation will state the reason for cancellation.
- 4. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
 - 5. Proof of mailing of any notice shall be sufficient proof of notice.

C. The following applies with respect to coverage provided under the following:

FARM COVERAGE PART

1. Policies In Effect 60 Days Or More

- a. If this Coverage Part covers buildings used for residential purposes and has been:
 - (1) In effect for at least 60 days, or
 - (2) Renewed by us,
 Paragraphs A.2. and A.6. of the **Cancellation Common Policy Condition** do not apply, and the following is added to the **Cancellation Common Policy Condition**:
- b. We may not cancel this policy, except for:
 - (1) Nonpayment of premium;
 - (2) Misrepresentation or fraud made by you or with your knowledge:
 - (a) In obtaining this policy; or
 - (b) In connection with a claim under this policy;
 - (3) An act or omission by you that materially increases the risk we originally accepted; or
 - (4) A physical change in the Covered Property which:
 - (a) Is not corrected or restored within a reasonable time after it occurs; and
 - (b) Results in the property becoming uninsurable.
- c. We may cancel this policy by giving the first Named Insured written notice of cancellation at least:
 - (1) 20 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs C.1.b.(2) through (4).

Such notice will be mailed or delivered to the first Named Insured and will contain the reason for cancellation. Proof of mailing of any notice shall be sufficient proof of notice.

CLAIM 0286

2. Policies In Effect Less Than 60 Days

When this Coverage Part covers buildings used for residential purposes and is a new policy which has been in effect fewer than 60 days, cancellation is subject to the terms of the Cancellation Common Policy Condition except for Paragraphs A.2. and A.6., and is not subject to Paragraph B. or Paragraph C.1. of this endorsement. Under this Item, C.2., Paragraphs A.2. and A.6. of the Cancellation Common Policy Condition are replaced by the following:

We may cancel this policy by giving the first Named Insured written notice of cancellation at least 20 days before the effective date of cancellation. Such notice will be mailed or delivered to the first Named Insured. Proof of mailing of any notice shall be sufficient proof of notice.

If we cancel this policy for underwriting considerations, we will inform you of the source from which the information was received.

D. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

If we decide not to renew this policy, we may do so by giving the first Named Insured and any agent written notice of our intent not to renew at least 60 days before the expiration date of this policy. Such notice will be delivered or mailed by first class mail to their last mailing addresses known to us.

Proof of mailing of any notice shall be sufficient proof of notice.

We need not mail or deliver this notice if you have:

1. Insured elsewhere;
2. Accepted replacement coverage; or
3. Agreed not to renew this policy.

CLAIM 0287

IL 02 51 02 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The following are added to the Cancellation Common Policy Condition:

7.a. Midterm Cancellation

If this policy has been in effect for 70 days or more, or if this policy is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Conviction of the insured of a crime arising out of acts increasing the hazard insured against;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in presenting a claim thereunder;
- (4) Discovery of an act or omission or a violation of any condition of the policy which occurred after the first effective date of the current policy, and substantially and materially increases the hazard insured against;
- (5) A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

(6) A determination by the commissioner that continuation of our present volume of premiums would jeopardize our solvency or be hazardous to the interests of our policyholders, creditors or the public;

(7) A determination by the commissioner that the continuation of the policy would violate, or place us in violation of, any provision of the code.

b. Anniversary Cancellation

If this policy is written for a term longer than one year, we may cancel for any reason at an anniversary, by mailing or delivering written notice of cancellation to the first Named Insured at the last mailing address known to us at least 60 days before the anniversary date.

B. The following is added as an additional Condition and supersedes any other provision to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations a notice of intention not to renew at least 60 days before the agreed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

CLAIM 0288

IL 02 51 02 04

© ISO Properties, Inc., 2003

Page 1 of 2 □

COMPANY COPY

2. We need not provide this notice if:

- a. You have accepted replacement coverage;
- b. You have requested or agreed to nonrenewal; or
- c. This policy is expressly designated as nonrenewable.

C. Notices

- 1. Notice of cancellation or nonrenewal in accordance with A. and B. above, will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for cancellation or nonrenewal.
- 2. We will also provide a copy of the notice of cancellation, for both policies in effect less than 70 days and policies in effect 70 days or more, to the agent who wrote the policy.

CLAIM 0289

IL 02 68 08 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

2. Cancellation Of Policies In Effect

a. 60 Days Or Less

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph A.2.a.(2) below.
- (2) 15 days before the effective date of cancellation if we cancel for any of the following reasons:
 - (a) Nonpayment of premium;
 - (b) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;

(d) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;

(e) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

(f) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

CLAIM 0290

IL 02 68 08 04

© ISO Properties, Inc., 2003

Page 1 of 5

□

COMPANY COPY

(g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or

(h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

b. For More Than 60 Days

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph A.2.a.(2) above, provided:

- (1) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and
- (2) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the Cancellation Common Policy Condition:

7. If one of the reasons for cancellation in Paragraphs A.2.a.(2) or D.2.b.(2) exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following Conditions are added:

1. Nonrenewal

If we decide not to renew this policy we will send notice as provided in Paragraph C.3. below.

2. Conditional Renewal

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph C.3. below.

3. Notices Of Nonrenewal And Conditional Renewal

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs C.1. and C.2. above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:

- (1) The expiration date; or
- (2) The anniversary date if this is a continuous policy.

b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

CLAIM 0291

- d. If we violate any of the provisions of Paragraphs C.3.a., b. or c. above by sending the first Named Insured an incomplete or late conditional renewal notice or a late non-renewal notice:
- (1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.
 - (2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
- (1) Upon expiration of the 60 day period; or
 - (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if we send the first Named Insured the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the policy.
- f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- D. The following provisions apply when the Commercial Property Coverage Part or the Farm Coverage Part is made a part of this policy:
1. Items D.2 and D.3. apply if this policy meets the following conditions:
 - a. The policy is issued or issued for delivery in New York State covering property located in this state; and
 - b. The policy insures:
 - (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
 - (2) For loss of or damage to personal property other than farm personal property or business property; or
 - (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
 2. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Procedure And Reasons For Cancellation

 - a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. But if this policy:
 - (1) Has been in effect for more than 60 days; or
 - (2) Is a renewal of a policy we issued:

we may cancel this policy only for one or more of the following reasons:

 - (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the insured of the amount due;
 - (2) Conviction of a crime arising out of acts increasing the risk of loss;
 - (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
 - (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
 - (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
 - (a) Issued the policy; or
 - (b) Last voluntarily renewed the policy;

CLAIM 0292

- (6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

a. **Conditional Continuation**

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

b. **Nonrenewal**

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:
 - (a) Change of limits; or
 - (b) Elimination of coverage;

we will mail or deliver written notice of non-renewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

E. The following is added to the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions and the Commercial Property Coverage Part:

When the property is subject to the Anti-Arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

- 1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
- 2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in E.1. and E.2. above supersede any contrary provisions in this policy including this endorsement.

If the notice in E.1. or E.2. above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

F. The following applies to the Commercial Property Coverage Part and the Farm Coverage Part:

Paragraphs f. and g. of the Mortgageholders Condition are replaced by the following:

f. **Cancellation**

- (1) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:
 - (a) The effective date of cancellation of the insured's coverage; or
 - (b) 10 days after we give notice to the mortgageholder.

CLAIM 0293

g. Nonrenewal

- (1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
- (2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:
 - (a) The expiration date of the policy; or
 - (b) 10 days after we give notice to the mortgageholder.

G. The following provisions apply when the following are made a part of this policy:

Commercial General Liability Coverage Part
Farm Liability Coverage Form
Liquor Liability Coverage Part
Products/Completed Operations Liability Coverage Part

1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph C.3.d. above.
2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

CLAIM 0294

INTERLINE
IL 02 70 03 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

CLAIM 0295

(5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(6) A determination by the Commissioner of Insurance that the:

(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

(b) Continuation of the policy coverage would:

(i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(1) 10 days before the effective date of cancellation if we cancel for a reason listed in Paragraph 3.a.(1) or 3.a.(2); or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this policy solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Businessowners Policy - Businessowners Special Property Coverage Form;

(2) Commercial Property Coverage Part - Causes Of Loss - Special Form; or

(3) Farm Coverage Part - Causes Of Loss Form - Farm Property, Paragraph D. Covered Causes Of Loss - Special.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

CLAIM 0296

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Businessowners Policy - Businessowners Special Property Coverage Form;

(2) Commercial Property Coverage Part - Causes Of Loss - Special Form; or

(3) Farm Coverage Part - Causes Of Loss Form - Farm Property, Paragraph D. Covered Causes Of Loss - Special.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the time frames shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

CLAIM 0297

IL 02 74 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

- A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Commercial Property Coverage Part in this endorsement also refers to the Standard Property Policy.

- B. With respect to the:

Boiler And Machinery Coverage Part
Commercial General Liability
Coverage Part
Commercial Property - Legal Liability
Coverage Form CP 00 40
Commercial Property - Mortgage
Crime and Fidelity Coverage Part
Holders Errors And Omissions
Coverage Form CP 00 70
Employment-Related Practices Liability Coverage
Part
Farm Liability Coverage Form
Liquor Liability Coverage Part
Pollution Liability Coverage Part
Products/Completed Operations
Liability Coverage Part
Professional Liability Coverage Part;

the following Cancellation and Nonrenewal Provisions apply:

1. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the actual reason for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
 - b. 30 days before the effective date of cancellation if cancellation is for one or more of the following reasons:
 - (1) Fraud or material misrepresentation affecting this policy or a claim filed under this policy or a violation of any of the terms or conditions of this policy;
 - (2) Changes in conditions after the effective date of this policy which have materially increased the risk assumed;
 - (3) We become insolvent; or
 - (4) We involuntarily lose reinsurance for this policy.

CLAIM 0298

IL 02 74 07 02

© ISO Properties, Inc., 2001

Page 1 of 2 ☐

COMPANY COPY

- c. 60 days before the effective date of cancellation if we cancel for any other reason.

NONRENEWAL

- 2. The following is added and supersedes any provision to the contrary:

- a. We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the actual reason for nonrenewal, at least sixty days prior to the effective date of the nonrenewal.
- b. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. With respect to the:

Commercial Property Coverage Part
Farm Property - Other Farm Provisions Form - Additional Coverages, Conditions, Definitions Coverage Form

Farm - Livestock Coverage Form

Farm - Mobile Agricultural Machinery And Equipment Coverage Form;

the Cancellation Common Policy Condition is replaced by the following:

CANCELLATION, NONRENEWAL AND DECREASES IN COVERAGE

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

- 2. We may cancel, nonrenew, reduce in amount or adversely modify this policy by mailing or delivering to the first Named Insured written notice of this action at least:

- a. 10 days before the effective date of this action if due to nonpayment of premium or evidence of incendiarism; or
- b. 30 days before the effective date of this action if for any other reason.

- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of:

- a. Cancellation will state the effective date of cancellation. The policy period will end on that date.
- b. Any other action will state the effective date of that action.

- 5. If this policy is cancelled, not renewed, reduced in amount or adversely modified, we will send the first Named Insured any premium refund due. If we take this action, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. This action will be effective even if we have not made or offered a refund.

- 6. If notice is mailed, proof of mailing will be sufficient proof of notice.

CLAIM 0299

INTERLINE
IL 02 85 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WEST VIRGINIA CHANGES - CANCELLATION
AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART - HOUSEHOLD PERSONAL PROPERTY
COVERAGE ENDORSEMENT
FARM COVERAGE PART - FARM PROPERTY - FARM DWELLINGS, APPURTENANT STRUCTURES
AND HOUSEHOLD PERSONAL PROPERTY COVERAGE FORM

- A. The following provisions apply to insurance on property located in West Virginia which covers loss of or damage to:
1. Real property which is used predominantly for your residential purposes, and which consists of not more than four dwelling units; or
 2. Personal property in which you have an insurable interest where:
 - a. The personal property is used for personal, family or household purposes; and
 - b. The personal property is within a residential dwelling.
- B. With respect to the property described in A. above, paragraphs 2. and 3. of the CANCELLATION Common Policy Condition are replaced by the following:
2. We may cancel this Coverage Form or Endorsement by mailing or delivering to you written notice of cancellation, stating the specific reasons for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

If this Coverage Form or Endorsement has been in effect for more than 60 days, or if it is a renewal of insurance we previously issued, we may cancel this Coverage Form or Endorsement only for one or more of the following reasons:

 - (1) Nonpayment of premium;
 - (2) Conviction of the insured of any crime having as one of its necessary elements an act increasing any hazard insured against;
 - (3) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (4) Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;
 - (5) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
 - (6) A violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
 - (7) A determination by the insurance commissioner that the continuation of the policy would place us in violation of the insurance laws of West Virginia;
 - (8) Real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of cancellation is issued;
 - (9) We cease to write the particular type or line of insurance coverage contained in this policy throughout West Virginia, or we discontinue operations within West Virginia; or
 - (10) Substantial breach of the provisions of the policy.
 3. We will mail or deliver our notice to your last mailing address known to us. If notice is mailed, it will be sent by first class mail.

- C. With respect to the property described in A. above, the following provision is added:

NONRENEWAL

1. If we elect not to renew this Coverage Form or Endorsement, we will mail or deliver written notice of nonrenewal to your last mailing address known to us, at least 30 days before:

- a. The expiration date of this Coverage Form or Endorsement; or
- b. The anniversary date, if this Coverage Form or Endorsement is written for a term longer than one year or with no fixed expiration date.

2. If this Coverage Form or Endorsement has been in existence for four years or more, we may elect not to renew it only for:

- a. One or more of the reasons numbered (1) through (10) under paragraph B.2. above; or
- b. A valid underwriting reason which involves a substantial increase in the risk.

The notice of nonrenewal will state the specific reason for nonrenewal.

CLAIM 0301

NOTICE

CONSUMER COMPLAINT NOTICE

If you have a problem or complaint concerning your insurance policy with us, we are always available to help you. For assistance, please contact your independent insurance agent or the following company representative:

Crum & Forster Insurance
Marketing Department
1111 West 22nd Street
Oakbrook, Illinois 60521
(630) 954-1280

The address of the consumer complaint division of the Department of Insurance for Illinois is:

Public Service Division
Department of Insurance
320 W. Washington Street
Springfield, Illinois 62767

IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
1. The failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including micro-processors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;
 2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.
- B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 2. Under the Commercial Property Coverage Part:
 - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or
 - b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;
- we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.
- due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

CLAIM 0303

IL 09 35 07 02

© ISO Properties, Inc., 2001
COMPANY COPY

Page 1 of 1

□

POLICY NUMBER: 2441873745

FM2.0.838 02 03

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002

NO COVERAGE

SCHEDULE*

Terrorism Premium (Certified Acts) \$ not applicable.

Additional information, if any, concerning the terrorism premium:

You have rejected coverage for acts of terrorism (as defined in Section 102(1) of the Terrorism Risk Insurance Act of 2002). This policy contains one or more exclusions that apply to acts of terrorism.

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

CLAIM 0304

IL 09 56 11 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM; COVERAGE FOR CERTAIN FIRE LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. The following definitions are added with respect to the provisions of this endorsement:

1. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:

- a. The act resulted in aggregate losses in excess of \$5 million; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

2. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the federal Terrorism Risk Insurance Act of 2002.

B. The following exclusion is added:

EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or an "other act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:**

1. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
2. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
3. The total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "other acts of terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident.

With respect to this Item B.3., the immediately preceding paragraph describes the threshold used to measure the magnitude of an "other act of terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an "other act of terrorism", there is no coverage under this Coverage Part or Standard Property Policy.

C. Exception Covering Certain Fire Losses

If a "certified act of terrorism" or an "other act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

With respect to fire resulting from any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Standard Property Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

CLAIM 0306

Policy Number: 2441873745

Named Insured: Copart, Inc.

Effective Date: 10-01-04

12:01 A.M., Standard Time

Agent Name: Marsh Global Broking/SF

Agent No: 80835

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Minimum Premium Endorsement

It is agreed that in the event of Cancellation of this policy by the Insured as specified herein, or for Non-Payment of Premium, the Minimum retained premium will be not less than Twenty-Five Percent (25%) of the annual premium.

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date).

Effective _____, this endorsement forms part of Policy Number _____

Of _____

Issued to: _____

Endorsement No: _____

Authorized Representative _____

FM 206.0.5 (1199)

CLAIM 0307

COMMERCIAL PROPERTY
CP 01 46 08 94

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
BUILDERS RISK COVERAGE FORM
TOBACCO SALES WAREHOUSE COVERAGE FORM
STANDARD PROPERTY POLICY

A. Additional Coverages

Paragraph A.4.c. Fire Department Service Charge does not apply.

CLAIM 0308

COMMERCIAL PROPERTY
CP 01 30 05 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Paragraphs 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

2. We may cancel this policy by mailing or delivering to you written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or**
- b. 30 days before the effective date of cancellation if we cancel for any other reason.**

3. We will mail or deliver our notice to your last mailing address known to us.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:

a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:

- (1) At our request;**
- (2) Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;**
- (3) And rewritten by us or a member of our company group; or**
- (4) After the first year, if it is a prepaid policy written for a term of more than one year.**

b. When this policy is cancelled at your request (except when Paragraph a.(2), a.(3) or a.(4) applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar.

However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.

B. The Appraisal Loss Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Any outcome of the appraisal will not be binding on either party.

Each party will:

- 1. Pay its own appraiser; and**
- 2. Bear the other expenses of the appraisal and umpire equally.**

However, if we make written demand for an appraisal of the loss, we will reimburse you for the reasonable cost of your chosen appraiser, and for your portion of the cost of the umpire.

CLAIM 0309

If there is an appraisal, we will still retain our right to deny the claim.

C. Paragraph a.(1) of the Duties In The Event Of Loss Or Damage Loss Condition does not apply.

D. When insurance is provided under the:

Legal Liability Coverage Form or Mortgageholders Errors And Omissions Coverage Form.

The following is added and supersedes any other provisions to the contrary:

If we elect to cancel or not renew this policy, then:

1. We will mail or deliver a written notice of such action to you stating the reason, at least:

- a. 15 days before the effective date of cancellation or the expiration date of this policy for nonpayment of premium; or
- b. 45 days before the effective date of cancellation or the expiration date of this policy for any other reason.

2. We will mail or deliver our notice to your last mailing address known to us. If notice is mailed, it will be sent by ordinary mail for which a Certificate of Mailing has been obtained, or by registered or certified mail; proof of mailing will be sufficient proof of notice.

E. For insurance provided under the Commercial Property Coverage Part, if the Replacement Cost Optional Coverage is shown in the Commercial Property Coverage Part Declarations, the following provision applies and supersedes any provision to the contrary:

You may make an initial claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Replacement Cost Optional Coverage provides if you notify us of your intent to do so within 6 months of the later of the following dates:

1. The last date on which you received a payment for actual cash value; or

2. The date of entry of a final order of a court of competent jurisdiction declaring your right to full replacement cost.

F. With respect to the coverage provided under the Legal Liability Coverage Form and under Coverage C — Mortgageholder's Liability of the Mortgageholders Errors And Omissions Coverage Form, the Newly Acquired Organizations Coverage Extension is replaced by the following:

NEWLY ACQUIRED ORGANIZATIONS

1. Any organization (other than a partnership, joint venture or limited liability company) that you newly acquire or form is an insured, provided that you maintain ownership of or majority interest in that organization and there is no other similar insurance available to it.

2. This Coverage Extension ends:

- a. 90 days after you acquire or form the organization; or
- b. At the end of the policy period shown in the Declarations;

whichever is earlier.

3. Under the Legal Liability Coverage Form, this Extension does not apply to direct physical loss or damage that occurred before you acquired or formed the organization.

4. Under the Mortgageholders Errors And Omissions Coverage Form, this Extension does not apply to errors or accidental omissions that occurred before you acquired or formed the organization.

CLAIM 0310

COMMERCIAL PROPERTY
CP 01 31 11 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GEORGIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. When this endorsement is attached to the Standard Property Policy CP 00 99, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following exclusion and related provisions are added to Paragraph B.2. Exclusions in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:
1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 2. However, this exclusion will not apply to deny coverage to an innocent co-insured, provided the loss:
 - a. Is otherwise covered under this Coverage Part; and
 - b. Arose out of an act of family violence by an insured against whom a family violence complaint is brought for such act.
 3. If we pay a claim pursuant to Paragraph B.2., our payment to the insured is limited to that insured's legal interest in the property less any payments we first made to a mortgageholder or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- C. The following explanation is added with respect to application of the Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria and the Limited Coverage of the same title:
- With respect to the portion of Covered Property that would still have required repair or replacement had there been no "fungus", wet or dry rot or bacteria, this Exclusion and Limited Coverage will not serve to limit the amount of recovery for such repair or replacement.
- However, the Exclusion and Limited Coverage shall continue to apply to:
1. The cost to treat, contain, remove or dispose of "fungus", wet rot, dry rot or bacteria beyond that which is required to repair or replace Covered Property;
 2. The cost of testing as described in the Limited Coverage; and
 3. Any increase in loss under Business Income and/or Extra Expense Forms resulting from 1. or 2. above.
- Regardless of whether the Exclusion and Limited Coverage apply to a loss, the Limit of Insurance on Covered Property is not increased. The maximum recoverable, for the total of the cost to repair or replace Covered Property and any additional covered cost to treat, contain remove, dispose of or test for "fungus", wet or dry rot or bacteria, is the applicable Limit of Insurance on the affected Covered Property.

CLAIM 0311

COMMERCIAL PROPERTY
CP 01 32 06 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy CP 00 99, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The following exclusion and related provisions are added to Paragraph B.2. Exclusions in the Causes of Loss Forms and to any Coverage Form or policy to which a Causes of Loss Form is not attached:
1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 2. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this policy if such loss is caused by an act of domestic violence by another insured under this policy and the insured making this claim:
 - a. Did not cooperate in or contribute to the creation of the loss; and
 - b. Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.
 3. If we pay a claim pursuant to Paragraph B.2. of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.
- C.** The following is added to the Transfer Of Rights Of Recovery Against Others To Us Condition:
- If we pay an insured for a loss described in Paragraph B.2., the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.
- D.** The Concealment, Misrepresentation Or Fraud Condition is replaced by the following:
- We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:
1. That are fraudulent;
 2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
 3. Where, if the true facts had been known to us as required either by the application for the policy or otherwise, we in good faith would either:
 - a. Not have issued the policy;
 - b. Not have issued the policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

CLAIM 0312

COMMERCIAL PROPERTY
CP 01 42 03 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. When this endorsement is attached to the Standard Property Policy CP 00 99, the term Coverage Part is replaced by the term Policy.
- B. The provisions of Items B.1. through B.4. below apply to the following coverage forms:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
CONDOMINIUM ASSOCIATION COVERAGE FORM;
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;
BUILDERS RISK COVERAGE FORM;
TOBACCO SALES WAREHOUSES COVERAGE FORM; AND
STANDARD PROPERTY POLICY

1. Under Additional Coverages, the **Debris Removal Coverage** is deleted and replaced by the following:

Debris Removal

We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Payments under this Debris Removal Additional Coverage will not increase the applicable Limit of Insurance. But if the sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance, we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

2. Under Additional Coverages, the **Pollutant Clean Up And Removal Coverage** is deleted.
3. Under Limits of Insurance, the third and fourth paragraphs (second and third paragraphs in the Tobacco Sales Warehouses Coverage Form) are deleted and replaced by the following:

The limits applicable to the Coverage Extensions are in addition to the Limits of Insurance.

Payments under the Preservation of Property Additional Coverage will not increase the applicable Limit of Insurance.

4. Under **Definitions**, the definition of "pollutants" is deleted.

- C. The **Additional Coverage -- Collapse** in the Causes Of Loss -- Broad Form is deleted and replaced by the following:

Additional Coverage -- Collapse

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building. We will not pay for loss or damage described below unless the loss or damage is a direct result of the collapse of a building:

1. Loss or damage to the following types of property, if otherwise covered in this Coverage Part: outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces; and
2. Loss or damage by settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

Section E. of this endorsement restricts collapse coverage on property covered under the Builders Risk Coverage Form.

CLAIM 0313

D. The provisions of Items D.1. through D.5. below apply to the Causes Of Loss – Special Form.

1. Exclusion B.2.d.(4) is deleted and replaced by the following exclusion:

(4) Settling, cracking, shrinking, bulging or expansion of pavements, foundations, walls, floors, roofs, ceilings, curbs, fences, retaining walls or swimming pools.

2. Exclusion B.2.k., **Collapse**, is deleted. However, Section E. of this endorsement restricts collapse coverage on property covered under the Builders Risk Coverage Form.

3. Exclusion B.2.l., which pertains to pollutants, is deleted.

4. Limitation C.1.c. is replaced by the following:

c. We will not pay for loss of or damage to the interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

5. Section D., **Additional Coverage – Collapse**, is deleted.

E. In the Builders Risk Coverage Form, Condition F.3., **Restriction Of Additional Coverage – Collapse**, is replaced by the following:

3. Restriction Of Collapse Coverage

If the Causes Of Loss – Broad Form or Causes Of Loss – Special Form applies to the Builders Risk Coverage Form, coverage for collapse is restricted as follows:

We will not pay for loss or damage caused by or resulting from collapse of a building under construction, or any part of a building under construction, caused by use of defective materials or methods in construction, remodeling or renovation.

F. Legal Action Against Us

1. The Legal Action Against Us Commercial Property Condition is replaced by the following, except as provided in F.2. below:

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

a. There has been full compliance with all of the terms of this Coverage Part; and

b. The action is brought within 2 years and one day after the date on which the direct physical loss or damage occurred.

2. Paragraph F.1. above does not apply to the Legal Action Against Us loss condition in the Legal Liability Coverage Form CP 00 40.

G. Appraisal

1. Except as provided in G.2. below, the Appraisal Loss Condition in the:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
CONDOMINIUM ASSOCIATION COVERAGE FORM;
CONDOMINIUM COMMERCIAL UNIT OWNERS COVERAGE FORM;
BUILDERS RISK COVERAGE FORM;
EXTRA EXPENSE COVERAGE FORM;
LEASEHOLD INTEREST COVERAGE FORM;
TOBACCO SALES WAREHOUSES COVERAGE FORM; and
STANDARD PROPERTY POLICY

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

CLAIM 0314

If there is an appraisal:

- a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

2. The Appraisal Condition in the:

**BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM ; and
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM**

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense and the amount of loss.

If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

H. The provision requiring signed, sworn proof of loss in the Duties In The Event Of Loss Or Damage Loss Condition is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.

I. Under the Loss Payment Condition, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:

i. Claims Handling

- a. Within 15 days after we receive written notice of claim, we will:

- (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
- (2) Begin any investigation of the claim; and
- (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

- b. We will notify you in writing as to whether:

- (1) The claim or part of the claim will be paid;
- (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (3) More information is necessary; or
- (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in b.(1) through b.(4) above, within:

- (1) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (2) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

CLAIM 0315

2. We will pay for covered loss or damage within 5 business days after:

a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within 5 business days after the date you have complied with such terms.

The following paragraphs are added:

3. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in 1.1. and 1.2. above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- (1) Is declared a disaster under the Texas Disaster Act of 1975; or
- (2) Is determined to be a catastrophe by the State Board of Insurance.

4. The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

J. The following is added to the Valuation Loss Condition:

Article 6.13. Policy A Liquidated Demand. A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. The provisions of this Article shall not apply to personal property.

K. Paragraphs d. and f. of the Mortgageholders Additional Condition are replaced by the following:

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- f. If this policy is cancelled, we will give the mortgageholder named in the Declarations written notice of cancellation.

If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 14 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the mortgageholder notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

L. The following is added to Paragraph D.1. in the Duties In The Event of Accident, Claim Or Suit Loss Condition in the Legal Liability Coverage Form:

We will notify the first Named Insured in writing of:

1. An initial offer to compromise or settle a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
2. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

M. In the Causes Of Loss – Broad Form, the Water Damage Cause Of Loss is replaced by the following:

Water Damage, meaning accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of a plumbing, heating, air conditioning, or other system or appliance, other than an Automatic Sprinkler System, that is located on the described premises and contains water or steam. If the building or structure containing the system or appliance is Covered Property, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or steam escapes.

CLAIM 0316

We will not pay:

- a. The cost to repair any defect that caused the loss or damage; or
- b. For loss or damage caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the water supply if the heat is not maintained.

CLAIM 0317

COMMERCIAL PROPERTY
CP 01 50 10 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MINNESOTA CHANGES - REPLACEMENT COST
PERSONAL PROPERTY**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

If the Declarations indicate that the Replacement Cost Optional Coverage applies to personal property, that Coverage is replaced by the following with respect to such property:

A. In the event of loss or damage we will determine the value of personal property on the basis of replacement cost without deduction for depreciation, subject to the following:**1.** We will not pay more for loss or damage on a replacement cost basis than the least of:

- a.** The Limit of Insurance applicable to the lost or damaged property;
- b.** The applicable Special Limit of Insurance shown in B.1., B.2., B.3., and B.4. of this endorsement;
- c.** The cost to replace, on the same premises, the lost or damaged property with other property of comparable material and quality and used for the same purpose; or
- d.** The amount you actually spend that is necessary to repair or replace the lost or damaged property.

2. You may make a claim for loss or damage covered under this endorsement on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.**3.** We will not pay on a replacement cost basis for any loss or damage:

- a.** Until the lost or damaged property is actually repaired or replaced; and
- b.** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

c. If the conditions in 3.a. and 3.b. above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form; and**d.** We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.**B.** With respect to the coverage provided by this endorsement, the following Special Limits of Insurance apply, unless higher Special Limits of Insurance are shown in the Declarations. These Special Limits of Insurance are part of, not in addition to, any Limit of Insurance shown in the Declarations, and apply in excess of any applicable deductible. The Special Limit of Insurance shown for any category listed below or in the Declarations is the most we will pay for loss of or damage to all property in that category in any one occurrence.

- 1.** \$1,000 on personal property of others.
- 2.** \$1,000 on contents of a residence.
- 3.** \$5,000 on manuscripts, works of art, antiques or rare articles including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac, but not exceeding \$1,000 for any one article.
- 4.** \$1,000 on "stock", unless the including "Stock" option is shown in the Declarations.

With respect to the articles described in B.1., B.2., B.3. and B.4. above, in no event will we pay you less than we would have paid you if this endorsement were not attached to this policy.

CLAIM 0318

C. The Extension Of Replacement Cost To Personal Property Of Others, as set forth in the Coverage Form, does not apply. Instead, Paragraph B.1. of this endorsement applies to the personal property of others, unless a higher Special Limit of Insurance is shown in the Declarations.

D. Under the terms of this endorsement, tenants' improvements and betterments are not considered to be the personal property of others. Therefore, tenants' improvements and betterments are not subject to the Special Limit of Insurance stated in Paragraph B.1. of this endorsement.

CLAIM 0319

COMMERCIAL PROPERTY
CP 01 66 09 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. The following exclusion and related provisions are added to Paragraph B.2. Exclusions in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:
1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and
 - b. With the intent to cause a loss.
 2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:
 - a. The loss arose out of a pattern of domestic violence and abuse; and
 - b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.
 3. If we pay a claim pursuant to Paragraph A.2., our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- B. The Transfer Of Rights Of Recovery Against Others To Us Condition, in the Commercial Property Conditions, is amended by adding the following:
- If we pay an innocent co-insured for loss described in Paragraph A.2., the rights of the innocent co-insured to recover damages from the perpetrator are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

CLAIM 0320

CP 01 66 09 00

Copyright, Insurance Services Office, Inc., 2000

Page 1 of 1 ☐

COMPANY COPY

COMMERCIAL PROPERTY
CP 02 02 02 96

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEXAS CHANGES - CANCELLATION
AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

A. Paragraphs 2., 3. and 4. of the Cancellation Common Policy Condition are replaced by the following:

2. a. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we may cancel this policy by mailing or delivering written notice of cancellation, at least 30 days before the effective date of cancellation, to:
 - (1) The first Named Insured; and
 - (2) Each unit-owner to whom we issued a certificate or memorandum of insurance.

If we cancel this policy, we will, at the request of the Named Insured, provide a written statement of the reason or reasons for such cancellation.

- b. If the policy covers a risk other than the risk described in Paragraph 2.a., then we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 14 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

If we cancel this policy, we will, at the request of the Named Insured, provide a written statement of the reason or reasons for such cancellation.

- c. In compliance with Texas law, we will not cancel this policy solely because the policyholder is an elected official.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to

us.

If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will also mail or deliver notice of cancellation to each unit-owner to whom we issued a certificate or memorandum of insurance, to each last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. The notice of cancellation will also state that pro rata unearned paid premium, if not tendered, will be refunded on demand.

B. The following condition is added and applies unless Paragraph D. applies:

NONRENEWAL

1. If we elect not to renew this policy, we will, at the request of the Named Insured, provide a written statement of the reason or reasons for such nonrenewal.
2. In compliance with Texas law, we will not refuse to renew this policy solely because the policyholder is an elected official.
3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then:
 - a. We will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to the First Named Insured and to each unit-owner to whom we issued a certificate or memorandum of insurance.
 - b. We will mail or deliver such notice to each last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. Cancellation - One- And Two-Family Dwellings And Governmental Property

1. Paragraph 5. of the Cancellation Common Policy Condition is replaced by the following:

If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund.

The refund will be pro rata if:

- a. We cancel this policy; or
- b. The first Named Insured cancels this policy because:
 - (1) We refused to provide additional coverage which the first Named Insured requested under the policy; or
 - (2) We reduced or restricted coverage under the policy without the consent of the first Named Insured.

The refund may be less than pro rata if the first Named Insured cancels this policy for a reason other than those listed in b.(1) and b.(2) above.

2. The following provisions are added to the Cancellation Common Policy Condition:

- a. If this policy has been in effect for 90 days or less and is not a renewal of a policy we issued, we may cancel coverage on one- and two-family dwellings and on governmental units for any reason.
- b. If this policy has been in effect for more than 90 days or is a renewal of a policy we issued, we may cancel coverage on one- and two-family dwellings and on governmental units only for the following reasons:
 - (1) If the first Named Insured does not pay the premium or any portion of the premium when due;
 - (2) If the Texas Department of Insurance determines that continuation of this policy would result in violation of the Texas Insurance Code or any other law governing the business of insurance in Texas;
 - (3) If the Named Insured submits a fraudulent claim; or
 - (4) If there is an increase in the hazard covered by this policy that is within the control of the Named Insured and would produce an increase in the premium rate of this policy.

- c. If coverage is cancelled, we will, at the request of the Named Insured, provide a written statement of the reason or reasons for such cancellation.

- d. In compliance with Texas law, we will not cancel such coverage solely because the policyholder is an elected official.

D. The following condition is added:

NONRENEWAL - ONE- AND TWO-FAMILY DWELLINGS AND GOVERNMENTAL PROPERTY

1. If we elect not to renew coverage on one- and two-family dwellings or on governmental units, we will mail or deliver written notice of non-renewal to the first Named Insured and any mortgageholder shown in the Declarations, at least 30 days before the expiration date. Proof of mailing will be sufficient proof of notice.

We will, at the request of the Named Insured, provide a written statement of the reason or reasons for such nonrenewal.

If we fail to give the first Named Insured proper notice of our refusal to renew, the first Named Insured may require us to renew the policy.

- 2. We may elect not to renew such coverage for any reason, subject to the exceptions and limitations in Paragraphs 3. and 4. below.
- 3. We will not refuse to renew coverage:
 - a. Solely because the policyholder is an elected official; or
 - b. Because of claims for losses resulting from natural causes.
- 4. **Claims That Do Not Result From Natural Causes**
 - a. If we have previously notified you as provided in b. below, we may refuse to renew coverage if the Named Insured has filed under this policy, in any three-year period, three or more claims that do not result from natural causes.
 - b. If the Named Insured has filed two such claims in a period of less than three years, we may notify the first Named Insured in writing that, if the Named Insured files a third such claim during the three year period, we may refuse to renew coverage.
 - c. A claim does not include a claim that is filed but is not paid or payable under the policy.

CLAIM 0322

COMMERCIAL PROPERTY
CP 02 03 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES - CANCELLATION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

The following is added to the CANCELLATION Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this policy by mailing or delivering to you written notice of cancellation at least 5 days before the effective date of cancellation.

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started, and
2. Have not been contracted for,

within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order, or
3. Been declared unsafe by governmental authority.

D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

CLAIM 0323

COMMERCIAL PROPERTY
CP 10 62 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES - VIRGINIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1) Computer hardware, including microprocessors;
- (2) Computer application software;
- (3) Computer operating systems and related software;
- (4) Computer networks;
- (5) Microprocessors (computer chips) not part of any computer system; or
- (6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more

dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. Under the Commercial Property Coverage Part:

- a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss Special Form; or
- b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form; or

2. In a Covered Cause of Loss under the Standard Property Policy;

we will pay only for the loss or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

CLAIM 0324

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPRINKLER LEAKAGE – EARTHQUAKE EXTENSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

The following is added to COVERED CAUSES OF LOSS:

SPRINKLER LEAKAGE – EARTHQUAKE EXTENSION, meaning Sprinkler Leakage loss or damage caused by:

1. Earthquake; or
2. Volcanic eruption, explosion or effusion.

CLAIM 0325

COMMERCIAL PROPERTY
CP 10 40 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAUSES OF LOSS – EARTHQUAKE FORM**A. COVERED CAUSES OF LOSS**

When Earthquake is shown in the Declarations, Covered Causes of Loss means the following:

1. **Earthquake.**
2. **Volcanic Eruption**, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

d. Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

e. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

2. We will not pay for loss or damage caused by or resulting from:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
- b. Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.
- c. Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

CLAIM 0326

3. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

- (2) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

- (4) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

- (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (6) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
(b) The suspension, lapse or cancellation of any license; or
(c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following Exclusions do not apply to insurance under this Coverage Form.

- (a) Paragraph B.1.a., Ordinance or Law;
(b) Paragraph B.1.b., Governmental Action;
(c) Paragraph B.1.c., Nuclear Hazard;
(d) Paragraph B.1.d., Utility Services; and
(e) Paragraph B.1.e., War and Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

CLAIM 0327

C. LIMITATION

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying:

1. The Deductible applicable to this form; or
2. The Additional Condition, Coinsurance, applicable to this Coverage Part.

This limitation does not apply if:

1. The premises description in the Declarations specifically states "Including Masonry Veneer"; or
2. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

D. DEDUCTIBLE

1. The provisions of Section D.2. of this endorsement are applicable to all Coverage Forms except:

- a. Business Income (And Extra Expense) Coverage Form;
- b. Business Income (Without Extra Expense) Coverage Form;
- c. Extra Expense Coverage Form.

2. The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption:

- a. **All Policies**

- (1) A Deductible is calculated separately for, and applies separately to:
 - (a) Each building, if two or more buildings sustain loss or damage;
 - (b) The building and to personal property in that building, if both sustain loss or damage;
 - (c) Personal property at each building, if personal property at two or more buildings sustains loss or damage;
 - (d) Personal property in the open.

- (2) We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition — Need for Adequate Insurance or Additional Condition — Need for Full Reports.

- (3) When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Declarations for any described premises.

- b. **Calculation of the Deductible — Specific Insurance Other than Builders Risk**

- (1) **Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

- (2) **Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

CLAIM 0328

However:

- (a) If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- (b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

c. Calculation of the Deductible — Blanket Insurance Other than Builders Risk

(1) Property Not Subject to Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

(2) Property Subject to Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the value(s) of that property as of the time of loss or damage.

d. Calculation of the Deductible — Builders Risk Insurance

(1) Builders Risk Other than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the actual cash value(s) of that property as of the time of loss or damage.

(2) Builders Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- (a) If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- (b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

3. The following is applicable only to the Coverage Forms specified below:

- a. Business Income (And Extra Expense) Coverage Form;
- b. Business Income (Without Extra Expense) Coverage Form;
- c. Extra Expense Coverage Form.

For buildings over 4 stories in height we will only pay for loss you sustain after the first 168 hours after direct physical loss or damage caused by or resulting from Earthquake or Volcanic Eruption.

E. EXAMPLES — APPLICATION OF DEDUCTIBLE IN D.2.:

Example #1 — Specific Insurance (D.2.b.(1))

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

CLAIM 0329

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 5%.

Step (1): $\$70,000 \div \$80,000 = .875$
 Step (2): $\$60,000 \times .875 = \$52,500$
 Step (3): $\$70,000 \times 5\% = \$3,500$
 Step (4): $\$52,500 - \$3,500 = \$49,000$

The most we will pay is \$49,000. The remainder of the loss, \$11,000, is not covered due to the Coinsurance penalty for inadequate insurance (steps (1) and (2)) and the application of the Deductible (steps (3) and (4)).

Example #2 – Specific Insurance (D.2.b.(1))

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

The Deductible is 10%.

Building

Step (1): $\$80,000 \times 10\% = \$8,000$
 Step (2): $\$60,000 - \$8,000 = \$52,000$

Business Personal Property

Step (1): $\$64,000 \times 10\% = \$6,400$
 Step (2): $\$40,000 - \$6,400 = \$33,600$

The most we will pay is \$85,600. That portion of the total loss not covered due to application of the Deductible is \$14,400.

Example #3 – Blanket Insurance (D.2.c.(1))

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$60,000 (Building #2).

The Deductible is 5%.

Building #1

Step (1): $\$500,000 \times 5\% = \$25,000$
 Step (2): $\$40,000 - \$25,000 = \$15,000$

Building #2

Step (1): $\$500,000 \times 5\% = \$25,000$
 Step (2): $\$60,000 - \$25,000 = \$35,000$

The most we will pay is \$50,000. That portion of the total loss not covered due to application of the Deductible is \$50,000.

Example #4 – Blanket Insurance (D.2.c.(1))

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$250,000) and Business Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit of Insurance covering Buildings #1 and #2 and Business Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Business Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Business Personal Property).

The Deductible is 10%.

Building

Step (1): $\$500,000 \times 10\% = \$50,000$
 Step (2): $\$95,000 - \$50,000 = \$45,000$

Business Personal Property

Step (1): $\$250,000 \times 10\% = \$25,000$
 The loss, \$5,000, does not exceed the deductible.

The most we will pay is \$45,000. The remainder of the building loss, \$50,000, is not covered due to application of the Deductible. There is no loss payment for the business personal property.

CLAIM 0330